

Message Text

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ACTION AF-10

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L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00

XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 IO-14 CU-06

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SUBJECT: CITIZEN ARTICLE ON US DISINVESTMENT CAMPAIGN

1. FOLLOWING IS TEXT OF AIDA PARKER ARTICLE IN JOHANNESBURG CITIZEN OF SEPTEMBER 9 REPORTING ALLEGED CAMPAIGN OF AMERICAN FRIENDS SERVICE COMMITTEE TO PERSUADE UNIVERSITIES TO DIVEST THEMSELVES OF SHARES HELD IN COMPANIES WITH SOUTH AFRICAN CONNECTIONS. COINCIDENTLY, FINANCIAL GAZETTE RAN ARTICLE BY LEON KOK IN ISSUE OF SAME DAY (SEPTEMBER 9) STATING THAT US PRESSURE ON SOUTH AFRICA HAS LESSENERED IN LAST FEW WEEKS AND THAT AMBASSADOR YOUNG HAD ABANDONED "CONFRONTATION LINE HE ADOPTED A MERE EIGHT MONTHS AGO" IN FAVOR OF MORE CONCILIATORY LINE (TEXT BY POUCH).

2. CITIZEN'S HEADLINE: US BLITZ AGAINST SA BEGINS TO BACKFIRE, BY AIDA PARKER. QUOTE: THE CARTER ADMINISTRATION'S "DISINVESTMENT" CAMPAIGN AIMED AT BLITZING THE SOUTH AFRICAN ECONOMY IS BEGINNING TO BOOMERANG.

3. ALL TOLD, MORE THAN 365 US COMPANIES DO BUSINESS IN SOUTH AFRICA. THE LIST LOOKS SOMETHING LIKE AN ABRIDGED VERSION OF FORTUNE'S TOP 500. BETWEEN THEM, THESE COMPANIES HAVE DIRECT UNCLASSIFIED

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INVESTMENTS IN SOUTH AFRICA OF AROUND R1600- MILLION AND ARE INVOLVED IN A TWO-WAY TRADE WHICH LAST YEAR HIT ALMOST R2000-MILLION.

4. MANY OF THESE GIANT CORPORATIONS ARE IMPORTANT SUPPORTERS OF THE DEMOCRATIC PARTY - AND THEY DO NOT REACT KINDLY TO THE CURRENT SATURATION CAMPAIGN, BACKED BY THE STATE DEPARTMENT, URGING SHAREHOLDERS TO DIVEST THEMSELVES OF STOCK IN ALL COMPANIES TRADING

WITH SOUTH AFRICA AND MAKING "TAINTED" PROFITS FROM THEIR "IN-VESTMENT IN APARTHEID."

5. PRESIDENT CARTER AND HIS UN AMBASSADOR MR. ANDREW YOUNG ARE ALSO PICKING UP BACKLASH FROM UNIVERSITY TRUSTEES, FOLLOWING THE NATION-WIDE CAMPAIGN LAUNCHED BY THE AMERICAN FRIENDS SERVICE COMMITTEE DEMANDING THAT UNIVERSITY ENDOWMENT FUNDS DIVEST THEMSELVES OF ALL SHARES IN COMPANIES WITH SOUTH AFRICAN CONNECTIONS.

6. THE MAIN THRUST OF THE AFSC CAMPAIGN SO FAR IS IN CALIFORNIA, TRADITIONAL HOME OF SOME OF AMERICA'S MOST RADICAL STUDENT BODIES. IT WAS ON THE UNIVERSITY OF CALIFORNIA'S BERKELEY CAMPUS THAT THE VIOLENT AMERICAN STUDENT PROTESTS BEGAN IN THE 1960'S, AND BERKELEY IS BEING USED BY AFSC AS THE LAUNCHING PAD FOR THE FIRST BIG THRUST AGAINST SOUTH AFRICA.

7. ALREADY HUNDREDS OF CALIFORNIA STUDENTS HAVE BEEN ARRESTED IN DEMONSTRATIONS AND LOCK-INS. NOW UNIVERSITY TRUSTEES ARE CLAIMING THAT MESSRS. CARTER AND YOUNG, WITH THEIR HIGHLY EMOTIVE HUMAN RIGHTSCAMPAIGN, ARE BRINGING THE DREADED CAMPUS DEMONSTRATIONS BACK TO LIFE.

8. AFSC IS ATTEMPTING TO PRESENT SOUTH AFRICA AS THE MAJOR CAMPUS RALLYING ISSUE OF 1977-1978. ALL TOLD, IT HOPES TO ENGAGE MORE THAN 1000 AMERICAN UNIVERSITIES FROM THIS MONTH ON ITS "DISINVESTMENT" CAMPAIGN. IN MANY CASES, THE CAMPAIGN IS BACKED WITH INFORMATION UNCLASSIFIED

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ON US-SOUTH AFRICAN TRADING PATTERNS PROVIDED BY THE CIA AND STATE DEPARTMENT.

9. ALTHOUGH THE CAMPAIGN, STILL IN ITS EARLY STAGES, IS MEETING WITH A MIXED RECEPTION, IT HAS ALREADY SCORED ONE BIG SUCCESS. THE BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN, HOLDING AROUND \$14-MILLION WORTH OF STOCK IN COMPANIES DEALING WITH SOUTH AFRICA, HAS ORDERED ITS ADMINISTRATION "TO MOVE IMMEDIATELY TOWARD THE SALE OF SUCH INVESTMENTS."

10. THIS FOLLOWS A RULING BY THE STATE'S ATTORNEY-GENERAL THAT, UNDER A 1974 WISCONSIN STATUTE, THE UNIVERSITY MAY NOT INVEST IN COMPANIES "PRACTICING OR CONDONING RACISM."

11. STUDENT EFFORTS IN OREGON APPEAR TO HAVE HAD LITTLE SUCCESS. MR. JOHN REULING, A SENIOR ASSISTANT STATE ATTORNEY-GENERAL, SAID OREGON LAW DOES NOT PROHIBIT INVESTMENT OF PUBLIC MONEY IN COMPANIES WHICH PRACTICE RACISM.

12. " STATE INSTITUTIONS MUST OPERATE UNDER THE PRUDENT PERSON RULE," HE SAID. "IN OTHER WORDS, THE ONLY OBLIGATION IS TO INVEST WISELY, WITH CARE AND DISCRETION. THE AIM IS PROBABLE INCOME (THE HIGHEST)

AND THE PROBABLE SAFETY OF CAPITAL."

13. THE OREGON STATE SYSTEM OF HIGHER EDUCATION, WHICH OWNS AROUND
\$12-MILLION WORTH OF STOCK IN 27 COMPANIES OPERATING IN SOUTH
AFRICA, INCLUDING GENERAL MOTORS, FORD, GENERAL ELECTRIC, 3M AND
IBM, HAS DECIDED TO RETAIN ALL ITS HOLDINGS.

14. VICE-CHANCELLOR FREEMAN HOLMER SAID DIVESTMENT OF SOUTH AFRICAN-
RELATED STOCKS COULD OPEN A "PANDORA'S BOX."

15. "SHOULD WE, FOR INSTANCE, REFUSE TO DO BUSINESS WITH FIRMS WHICH
BUY SOUTH AFRICAN PRODUCTS?" HE ASKED. "SHOULD WE COMPILE A
WHOLE LIST OF COUNTRIES - ISRAEL, THE SOVIET UNION, CHILE - WHICH
ALLEGEDLY PRACTICE DISCRIMINATION AND IMPOSE ECONOMIC SANCTIONS
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ON THEM?

16. " DOES THIS BOARD REALLY WANT TO GET INVOLVED IN IMPLEMENTING
A FOREIGN POLICY AND, IF SO, WHERE DOES IT DRAW THE LINE?" END
SQUOTE.JOHNSON

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